

Should I Be Suspicious?

You've worked hard for your money. You want your money to be available to you for all your needs – and that means you must PROTECT your money.

When approached by friends, relatives and especially strangers with investment offers that are too good to pass up, you should think:

SHOULD I BE SUSPICIOUS?

- If someone promises a “can’t miss” investment opportunity?
- If someone promises a 13% or more interest rate or rate of return when bank Certificates of Deposit (CDs) are paying less than 5%?
- If someone says I MUST ACT NOW or I’ll miss this opportunity?
- If someone I do not know calls me on the phone with an investment that can’t miss?
- If someone offers to double my money in two weeks, two months, two years?
- If someone says their investments are only for Christian investors? (or any other religious affiliation)?

The answer is YES, YES, YES! Be suspicious when someone wants to get too friendly with your money. Be suspicious of someone using a religious line to reel in your money.

“A BIRD IN THE HAND ...”

It is true that interest rates are low – 1% on bank CDs. But isn't it better to get a 1% or 2% return on ALL of your money rather than hope for that 13% you were promised but may never see? You could also risk losing your entire investment. As the saying goes, “a bird in the hand ...”

YES, you should be suspicious when someone has plans for YOUR money. Their plans may be to move your money from your pocket to their pocket. If you are investing your money, do so only with firms and individuals that are registered (licensed) in Michigan.

BROKERS-DEALERS, AGENTS and INVESTMENT ADVISERS

MUST BE REGISTERED (LICENSED)

Before you invest, you should make certain that whoever will handle your money, if he/she is buying or selling stocks, bonds or mutual funds, is registered in Michigan. When you deal with a registered broker-dealer firm or licensed sales agent, you have some assurance that these firms and sales professionals will be operating within the laws of Michigan.

Remember that investments involve risks – the stock market goes up and it goes down. And no one can control what is called market risk.

The Office of Financial and Insurance Services can't give you investment advice. That's not our job. We regulate the investment advice industry. If you must invest, we urge you to be suspicious, be cautious, and deal ONLY with broker-dealer firms, sales agents (called "brokers," registered reps, etc.) and investment advisers that are registered to operate in Michigan.

CHECK BEFORE YOU INVEST

It's a good idea to check the credentials of any person or firm that you plan to invest with on the National Association of Securities Dealers (NASD) website, www.nasdr.com or call our office toll free at 877-999-6442. But check before you invest! If the broker or agent is not registered, that's a huge warning sign.

Here is another tip: if it's a company you are planning to invest with, check with the Michigan Bureau of Commercial Services and Corporations to see if the company is authorized to do business in Michigan: www.michigan.gov/ofis. If it is not listed, that's another warning sign, a big red flag. Companies must be authorized to do business in Michigan.

IT'S YOUR MONEY. DO YOUR RESEARCH AND ASK QUESTIONS!

Before you invest, remember it's your money. It's advisable to do some research so that you understand what your broker or investment adviser is telling you and selling you. To start your research process, you may wish to read personal finance magazines such as *Money* or *Kiplinger's*, surf personal finance websites such as www.money.cnn.com, www.moneycentral.msn.com, www.soundmoney.org, www.motleyfool.com or www.bankrate.com. The North American Securities Administrators Association (NASAA) has investor information at its website, www.nasas.org. And, of course, you can check the OFIS website at www.michigan.gov/ofis.

Don't be afraid to ask questions. Ask your broker or investment adviser as many questions as necessary so that you know what the investment is BEFORE you invest. If the investment is too complicated and you don't understand it, ask yourself if you want to put your money in it.

NEIGHBORS WHO WERE NOT SUSPICIOUS

If only some of our neighbors in west Michigan had been suspicious:

- As reported on June 29, 2004, in the *Grand Rapids Press*, at least 100 clients of realtor and tax preparer Doris Shaw lost millions of dollars in a 10-year investment scheme.
- Another 700 investors, as reported on July 6, 2004, in the *Grand Rapids Press*, were bilked out of approximately \$134 million investing in Pupler Distributing, an unregistered (unlicensed) company in west Michigan.
- A promotional handout for Access Financial was titled "God's Guarantee to Bless and Prosper You Financially." Guess who got blessed with \$7 million? A Grand Rapids-area woman, Janet Marcusse. She was arrested in Missouri, and accused of running a \$20 million investment scheme, according to the July 9, 2004, article in the *Grand Rapids Press*. Five hundred investors, including 140 retirees and employees from Steelcase lost money in Marcusse's company.

Red flags are everywhere in these cases: promises of above-market investment returns, complicated schemes, supposed blessings from God; the individuals and companies, Shaw, Pupler Distributing and Marcusse were not licensed. Their companies were not authorized to do business in Michigan.

These horror stories could have happened in any of Michigan's small towns and big cities. Hazards to your investment and financial health and wealth are everywhere. Be careful. Do your research. No one can afford to just give their money away!

INVEST IN UNREGISTERED FIRMS, AND YOUR MONEY MAY BE GONE

The very bad news is, when you've given your money to unregistered firms or individuals, as state regulators, it is virtually impossible for us to help you get your money back if it is lost. Your money is gone. The individuals and companies are gone.

Sometimes law enforcement gets lucky and captures the individuals. Sometimes law enforcement will prosecute the individuals. But trying to get the individuals to return your money may be unsuccessful. Be suspicious on the front-end to avoid losing all of your money on the back-end.

As we said earlier, we cannot and are not giving investment advice. We are reminding you that if it's too good to be true, it's probably a scam.

We are urging you to guard and protect your money. We are urging you to ask the question:

SHOULD I BE SUSPICIOUS? And the answer will be, YES, YES, YES!

The Office of Financial and Insurance Services (OFIS) is primarily fee-funded, requiring minimal public tax dollars for its regulatory and consumer assistance activities. OFIS has securities, insurance and financial institutions information available online at the OFIS web site, www.Michigan.gov/ofis.

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Michigan Department of Labor & Economic Growth

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